



State of Connecticut
SENATE

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March 22, 2013

Senator Harp, Representative Walker, and distinguished members of the Appropriations Committee,

I am State Senator Michael McLachlan, and I am here today to speak in support of Senate Bill 310, **An Act Concerning the Constitutional Spending Cap**. This bill seeks to fully implement the Constitutional Expenditure Cap of 1991 by enacting definitions.

It is crucial that we pass this legislation now, as our spending has grown to a level that is no longer sustainable. Additionally, these definitions were a part of the voter's intent for the Expenditure Cap. To date, the General Assembly has not defined the major elements of the Constitutional Spending Cap.

Connecticut's spending cap is guided by the State Constitution as well as General Statutes. The statute was a part of the income tax compromise of 1991, which looked to generate about \$1 billion in new taxes for the state. To assure that the state would not engage in runaway spending, the General Assembly passed, and then the electorate ratified, the Constitutional Expenditure Cap.

The cap limits the allowable growth in appropriations by the state to no more than the greater of either the five year average growth in personal income, or the most recent calendar year's increase in inflation.

Since the inception of the Expenditure Cap, personal income growth has served as the cap's allowable growth. However, now the state has seen two years of negative personal income growth which will take a toll on upcoming Expenditure Cap growth rates. For the next few years we will see the lowest allowable growth, so low that the secondary growth rate of inflation is expected to be the limiting factor in Fiscal Year 2014.

It is time that we enact fully the intentions of both the General Assembly and the electoral of 1991. We have been fortunate not to have seen a financial climate where personal income tax levels are so low. However, now that we are realizing this climate, and we need to best prepare for the consequences of such. It is time that we fully implement the Constitutional Expenditure Cap by enacting the appropriate definitions. We owe the citizens of Connecticut a government that is reasonably and responsibly spending its funds. The Expenditure Cap was enacted to create a system that would promote such responsibility; we need to now adhere to that.

I urge members of the committee to vote to pass this legislation. It is important to getting Connecticut's economy back on the right track.

Thank you.